REMARKS

Applicants reply to the Office Action dated March 17, 2008, within two months. Applicants request an Advisory Action, if necessary. Claims 1-3, 6-11, 13-15 and 17-20 were pending in the application and the Examiner rejects claims 1-3, 6-11, 13-15 and 17-20. Applicants cancel claims 8-9, 15, and 19-20 without prejudice to filing other applications having one or more claims with similar subject matter. Also, applicants present new claim 21. Support for the amendments and new claim may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by these amendments and new claim. Applicants assert that the application is in condition for allowance and reconsideration of the pending claims is requested.

Applicants respectfully request the Examiner to enter the Revocation of Power of Attorney, Appointment of New Attorney and Change of Correspondence Address which was received by the U.S. Patent and Trademark Office on December 8, 2005.

Claim Rejections under 35 U.S.C. §112, first paragraph

The Examiner rejects claims 1-3, 6-11, 13-15 and 17-20 under 35 U.S.C. 112, first paragraph as failing to comply with the written description requirement. Applicants respectfully traverse this rejection. In order to promote compact prosecution, Applicants amend the claims to eliminate all reference to "sub-categories." These amendments are presented without prejudice to filing other applications having one or more claims with similar subject matter and/or to present claims in this application incorporating this matter.

Applicants also assert that "categories" is not new matter. The original application discloses categories and categorization throughout (See e.g., p. 3 line 19, p. 4 lines 1, 6 and 15; original claims 1 and 2). Applicants submit that the original disclosure describes the concept of categories and categorization in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention.

Claim Rejections under 35 U.S.C. §102(e)

The Examiner rejects claims 1-3, 6-11, 13-15 and 17-20 as being unpatentable under 35 U.S.C. § 102(e) over Horan, US 2003/0225663 A1 ("Horan") in view of Bergmann et al US 2002/0143682 ("Bergmann"). Applicants respectfully traverse the rejection.

Bergmann generally discloses a system for incorporating the effect of taxes on the risk and expected return of asset classes in an investor portfolio. The system provides a process for developing an optimal, after-tax asset allocation strategy. More particularly, the system provides functionality to analyze the tax effect on asset classes so that financial planners can more accurately forecast after-tax total return and standard deviation.

The Bergmann system also provides functionality to automatically calculate asset class data from a combination of data, from the standard and previously specified asset classes. For example, a custom asset class can be created by combining the characteristics of existing asset classes, "the return of the [custom asset class] is to be derived from 50% of the return to real estate, 25% of the return to small-cap stocks and 25% of the return to corporate bonds." (Para. 0011).

Bergmann does not provide the ability to identify and categorize certain complex types of changes of ownership such as when a product is acquired through gift or inheritance or when various types of corporate restructuring create changes to the underlying securities. Furthermore, Bergmann does not disclose the ability to acquire cost basis data and tax lot data from a product system, identifying at least a portion of the tax lot data that was affected by the reallocation and automatically reconciling the cost basis of the product system with the cost basis stored in a portfolio management system.

While Bergamnn may disclose asset class categorization including tax treatment for the asset classes, it does not disclose re-categorizing transactions involving ownership changes to an asset in order to account for tax-treatment on a transaction by transaction basis. Significantly, Bergmann does not allow for examining <u>both the reallocation data and a further categorization of reallocations related to ownership changes resulting from owner initiated ownership changes (e.g. a marriage or an inheritance) or from complex corporate restructuring (e.g. partial spin-off or stock split with owner option)</u> to enable automatic calculation of a more accurate cost basis change. Furthermore, Bergmann does not allow for acquiring tax lot data from the product system, <u>identifying</u> the portion of the tax lot involved in a transaction and <u>automatically reconciling</u> the cost basis in the portfolio management system with the cost basis in the product system.

As such, Bergmann does not disclose or contemplate at least ALL of the following unique combination of elements, as similarly recited by amended independent claims 1 and 11, and new claim 21.

- acquiring a reallocation of an ownership of the asset from a product system, wherein the product system is one of a plurality of product systems from which reallocation data is acquired, wherein the reallocation is triggered by at least one of: a marriage, an inheritance, a gift, a partial spin-off, a stock split with owner option, a partial sale of the asset, and a change to an accounting method for the sale of the asset, and wherein the reallocation of the asset is accomplished by the product system;

- further categorizing the reallocation into one of a plurality of additional categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized, by the product system, into one of a plurality of categories;

- automatically calculating an adjusted cost basis of the asset based upon the asset, the reallocation of the ownership of the asset and the enhanced categorization;

- storing the adjusted cost basis in a portfolio management system;

- acquiring cost basis data and tax lot data from the plurality of product systems to enable automated reconciliation of cost basis changes;

- identifying at least a portion of the tax lot data that was affected by the reallocation;

- reconciling the cost basis changes of the asset to the plurality of product systems; and,

- preparing a report relating to the cost basis change of the asset based on at least one of: the categorization of the change in the ownership of the asset, the enhanced categorization and the adjusted cost basis of the asset
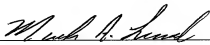
Dependent claims 2-3, 6-7, 10, 13-14 and 17-18 and 21 variously depend from independent claims 1 and 11, so dependent claims 2-3, 6-7, 10, 13-14 and 17-18 and 21 are therefore differentiated from the cited reference for at least the same reasons as set forth above, as well as in view of their own respective features.

New independent claim 21 is differentiated from the cited reference for at least the same reasons as set forth above, as well as in view of its own respective features.

Applicants respectfully submit that the pending claims are in condition for allowance. No new matter is added in this Reply. Reconsideration of the application is thus requested. The Commissioner is hereby authorized to charge any fees, which may be required, or credit any overpayment, to **Deposit Account No. 192814**. Applicants invite the Examiner to telephone the undersigned, if the Examiner has any questions regarding this Reply or the present application in general.

Respectfully submitted,

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